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Report of the Secretary-General on his mission of good offices in Cyprus

Summary

Under my auspices, an intensive effort was undertaken between 1999 and early 2003 to assist the two sides in Cyprus to achieve a comprehensive settlement of the Cyprus problem. This effort was undertaken in the context of a unique opportunity which, had it been seized, would have allowed a reunited Cyprus to sign the Treaty of Accession to the European Union on 16 April 2003.

Proximity talks were held from December 1999 to November 2000, and direct talks from January 2002 to February 2003. During the process the parties were not able to reach agreement without third-party assistance. Accordingly, I submitted a comprehensive settlement proposal on 11 November 2002, a first revision on 10 December 2002, and a second revision on 26 February 2003. The plan required a referendum before 16 April 2003 to approve it and reunify Cyprus.

At The Hague on 10 and 11 March 2003, it became clear that it would not be possible to achieve agreement to conduct such a referendum, and the process came to an end. My plan remains on the table. I do not propose to take a new initiative without a solid reason to believe that the political will exists necessary for a successful outcome.

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Introduction

1. My last report on my mission of good offices in Cyprus (S/1999/707) was submitted to the Security Council on 22 June 1999. The present report covers the period since then, which has seen the most intensive negotiations ever held under United Nations auspices to achieve a comprehensive settlement of the Cyprus problem. These efforts began late in 1999 and concluded on 11 March 2003.

2. During this period, I refrained from reporting in writing to the Council, other than by brief references in reports on the United Nations Peacekeeping Force in Cyprus (UNFICYP). Instead, my Special Adviser, and on occasion I myself, kept members of the Council informed through regular oral briefings. I have appreciated the forbearance of the Council on this matter, which was necessary given the delicate nature of the process.

3. In describing the main developments in the present report, I do not give a detailed linear narrative but take a more thematic and analytical approach. I believe that at this juncture I should assess clearly the process that has just ended, fully explain the concepts behind the proposals I submitted to the parties, and look to the future.

A unique opportunity

4. The Cyprus problem has been on the agenda of the Security Council for close to 40 years. It is the oldest item continuously on the Secretary-General's peacemaking agenda. Given the intractability and the variable geometry of the issues it is not far-fetched to describe it as a diplomatic "Rubik's cube". It came as no surprise to the Council that I reflected for several months before acceding to the appeal contained in resolution 1250 (1999) to launch a new good offices effort at the end of 1999.

5. The history of United Nations efforts to solve the Cyprus problem is not encouraging. I was therefore mindful of Jean Monnet's advice that in order to solve intractable problems it is sometimes necessary to change the context. I asked myself and several interlocutors whether there was any change that warranted a new push. I concluded, with some hesitation, that a unique set of circumstances was emerging and that the potential existed to make a true impact on the attitudes of the protagonists and bring about the required qualitative changes of position.

6. I was conscious that there had been many false dawns. However, the new circumstances included the adoption by the Security Council of resolution 1250 (1999), the four guidelines of which provided a clear and realistic framework for negotiation, the evolving Greek-Turkish rapprochement, the European Council decision in December 1999 at Helsinki that opened the door to Turkey's candidature for accession, as well as the prospect for the enlargement of the European Union by up to 10 new members, including Cyprus. The European Union factor in particular offered a framework of incentives to reach a settlement as well as deadlines within which to reach it.

7. Accordingly, late in 1999, I decided that the time had come to launch a new effort, and to lend to it my full support. I did so in the conviction that it was in the general interest of all parties concerned — Greek Cypriots, Turkish Cypriots,

Greece and Turkey — to reach a settlement that would allow the Treaty of Accession of the European Union to be signed by a reunited Cyprus. I appointed Alvaro de Soto as my Special Adviser on Cyprus, and issued an invitation to Glafcos Clerides, the Greek Cypriot leader, and Rauf Denktash, the Turkish Cypriot leader, to participate in proximity talks.

An overview of the process

8. The main events in the process are described in the calendar annexed to this report. From December 1999 to November 2000, the leaders, at my invitation, attended five sessions of proximity talks, alternately in Geneva and New York, to prepare the ground for meaningful negotiations leading to a comprehensive settlement. I was present at every session of talks which were otherwise hosted by my Special Adviser. This process ended when Mr. Denktash did not accept my invitation to a sixth session of talks in January 2001.

9. Efforts to resume the process, including a meeting I held with Mr. Denktash in Salzburg late in August 2001, led to my invitation of 5 September 2001 to the two leaders to a new and reinvigorated phase of negotiations. Mr. Clerides accepted the invitation but Mr. Denktash declined it.

10. In November 2001, Mr. Denktash wrote to Mr. Clerides proposing a direct meeting. There followed an exchange of letters, as a result of which they met for the first time in more than four years on 4 December 2001 in the presence of my Special Adviser and agreed to begin direct talks in Cyprus the following month under my auspices. After the meeting, the two leaders dined at each other's residences.

11. The direct talks began, in the presence of my Special Adviser, on 16 January 2002, in a previously dilapidated building in the United Nations Protected Area in Nicosia refurbished into a conference and office facility within the space of a month. The talks ran until February 2003, the leaders usually meeting two or three times a week. The talks were punctuated only by short breaks. I visited the island from 14 to 16 May 2002 to encourage the leaders, and I met them again in Paris on 6 September and in New York on 3 and 4 October 2002, after which Mr. Denktash underwent surgery in New York. In addition to his work on the island, my Special Adviser held regular consultations with Greece and Turkey.

12. My Special Adviser helped to guide the discussions and by mid-2002 he was making concrete suggestions to assist the parties to build bridges. I refrained however from making a written substantive input until 11 November 2002, when, no breakthrough having been achieved, and believing that no other course of action remained open if the opportunity was to be seized, I put forward a document which I believed constituted a sound basis for agreement on a comprehensive settlement. Following intensive consultations, I put forward a revised proposal on 10 December 2002, hoping to assist the parties to reach agreement in time for the Copenhagen European Council on 12 and 13 December 2002.

13. Regrettably, agreement was not reached at that time but negotiations resumed on the island in mid-January 2003. In parallel, technical committees, agreed to by the two leaders in my presence on 4 October 2002 in New York, began meeting, following a three-month delay on the part of Mr. Denktash in appointing the Turkish

Cypriot representatives. Greece and Turkey met on 21 February to address security issues related to the plan.

14. In the last week of February 2003 I visited Turkey, Greece and Cyprus, formally presented a third version of my plan on 26 February, and invited the leaders to The Hague on 10 March to inform me whether they were prepared to sign a commitment to submit the plan for approval at separate simultaneous referenda on 30 March 2003. On 11 March, at 0530 hours and following negotiations with the two leaders and the guarantor Powers lasting more than 19 hours, I announced that there had been no such agreement, and at that point the process which had begun in December 1999 reached the end of the road. The office in Cyprus of my Special Adviser, which opened in advance of the direct talks, is to close during April.

The scale of the effort

15. The scale of the effort to assist the parties to reach a comprehensive settlement can be appreciated by some simple statistics. In the course of the negotiation, I met the leaders on 11 occasions, including my visit to Cyprus in May 2002 and my trip to Turkey, Greece and Cyprus in February 2003. My Special Adviser hosted 54 separate meetings during the proximity phase, 72 meetings in direct format, and called on each leader on more than 100 occasions during the entire period. My Special Adviser made around 30 trips to Greece and Turkey. He made dozens of trips to the capitals of Security Council members, the European Commission in Brussels, and European Union member States (particularly the six-monthly Presidency). He also briefed the members of the Security Council on repeated occasions throughout the entire period.

16. The budget for my effort over the period ran to $3,148,500. My Special Adviser assembled a core team of two to four professionals and one or two general staff. This core team was assisted by input from throughout the United Nations system, involving the Department of Political Affairs, the Department of Peacekeeping Operations (including UNFICYP), the Office of Legal Affairs, the Department of Public Information, the United Nations Development Programme and the United Nations Office for Project Services (including the UNDP/UNOPS office in Cyprus), and by a number of consultants who joined my Special Adviser's team in the last two months to oversee the work of the technical committees, including a secondee from the European Commission. A number of countries, including Canada, Germany, Switzerland and the United Kingdom of Great Britain and Northern Ireland, were on standby ready to send experts to assist in the technical finalization process leading up to a referendum on 30 March 2003. Dozens of judges of the highest international calibre had agreed that their names could be considered for appointment to a transitional Supreme Court, should agreement be reached to submit the plan to a referendum.

17. My proposal runs to 192 core pages, plus 250 pages of finalized laws. By 11 March 2003, draft laws running to 6,000 pages, necessary to finalize the plan, were before those committees for consideration, as were lists of 1,954 treaties and instruments. A total of 1,506 flag designs and 111 suggested anthems from entrants from almost 50 different countries were submitted to a flag and anthem competition agreed to by the two leaders and administered by the United Nations.

The preferred solutions of the parties

18. The starting positions or visions of the parties during the proximity talks and the direct talks were far apart on all main issues. Mr. Clerides, invoking Security Council resolutions, favoured a solution based on a State of Cyprus with a single sovereignty and international personality and a single citizenship, comprising two politically equal communities as described in the relevant Security Council resolutions, in a bi-communal and bi-zonal federation. Mr. Denktash favoured a solution in accordance with what he regarded were the realities, proposing a Confederation of Cyprus founded by two pre-existing sovereign states. The Confederation would have a single international legal personality but would be sovereign only to the extent that sovereignty was given to it by the founding states. By the time of the direct talks, Mr. Denktash had put the term "confederation" to one side, preferring to speak of a new Partnership State of Cyprus, the overall concept remaining the same. The dispute was clear — would a solution be one pre-existing state which would continue in existence and federalize itself under a new Constitution, or two pre-existing states which would found a new confederal or partnership structure? The dispute took the form of a Gordian knot of conceptual and terminological issues to which I will return.

19. The difference in overall vision was matched by major differences on all core issues. On governance, the Greek Cypriots, emphasizing the need for workability and unity, proposed a free-standing federal government with representation based primarily on population ratios but with effective participation of both communities in decision-making. The basis would be a federal constitution. The Turkish Cypriots, emphasizing the need to prevent domination and maintain their separate status and identity, opposed any free-standing central institutions, proposing instead channels of cooperation and coordination between the institutions of two separate but juxtaposed states, with numerical equality and consensus decision-making. The basis would be an international treaty with international arbitration in the case of disputes.

20. On security, the Greek Cypriot side, bitterly remembering the experience of 1974, ideally favoured a completely demilitarized island, with all foreign troops (and "settlers") withdrawing and a United Nations-mandated international force to keep the peace. The Turkish Cypriot side, equally bitterly remembering the years from 1963 to 1974, had little faith in the United Nations and favoured the extension of the rights of the guarantor Powers and the stationing by them of large troop contingents in the respective constituent states. Each side felt vulnerable to a larger potential enemy — the Greek Cypriots feared the Turkish Goliath, the Turkish Cypriots feared the Greek Cypriot Goliath.

21. On territory, the Greek Cypriot side started from the position that a substantial territorial adjustment was necessary and justified given the disproportionate amount of territory and coastline currently controlled by the Turkish Cypriots and Turkey, and given the Greek Cypriot wish for displaced persons to be able to return to their homes under Greek Cypriot administration. The Turkish Cypriot side spoke of only the most minor adjustments along the buffer zone, citing in particular the passage of 30 years, during which people have settled down, and putting forward long lists of criteria effectively ruling out any substantial transfer of territory.

22. The Greek Cypriots, citing international human rights law, the principles of the (European Union) *acquis communautaire*, the realities of the modern world, and the need for the settlement to be perceived as just if it is to be durable, wished to see a settlement based on freedom of movement, freedom of settlement and the right of displaced persons to return to their homes. The Turkish Cypriots argued that the distrust between the two sides, the need for security, the realities on the island, the numerical and economic disparities between the two sides, and the principle of bi-zonality meant that property claims should be liquidated by a global exchange and compensation scheme and that freedom of movement and residence should be strictly controlled.

The proximity talks

23. During the three-year period from November 1999 to November 2002, the two leaders were not able to bridge their differences on any major issue, let alone on the package of issues. This was not, in my view, because solutions were not achievable. Rather, it was because negotiation, in the sense of give and take, almost never occurred. Instead, the process was one of procedural wrangling, verbal gymnastics, shadow boxing, and mini-crises, with only occasional promising glimmers on the substance which did not last. I and my Special Adviser sought to find ways to assist the parties to move beyond that level of dialogue and into an actual negotiation, but met with little success.

24. Perhaps the key obstacle to negotiation was the status issue. Mr. Denktash argued that the Turkish Cypriot side was disadvantaged by the recognition enjoyed by the Republic of Cyprus and the non-recognition of the "Turkish Republic of Northern Cyprus". He blamed Security Council resolutions for this situation, and said that those resolutions inevitably tied me and my Special Adviser to an approach which, try as we might, could not be truly impartial, and which ignored the "realities". The fact that the status of the two leaders in the talks under my auspices was scrupulously equal did not assuage Mr. Denktash's concerns about their unequal status outside the negotiating room. Despite my best efforts, I was never able to convince Mr. Denktash that the "realities" of the Cyprus problem were not only the realities on the ground but the realities of international law and international politics; that each side had positions of strength and weakness on particular issues; and that the only road to a solution was a negotiated settlement that creatively addressed all issues, including the status issue, in a manner acceptable to both parties.

25. The proximity format itself was necessitated by Mr. Denktash's position that he would not meet Mr. Clerides face to face until the latter recognized the existence of the "Turkish Republic of Northern Cyprus". During the proximity talks, which were to prepare the ground for meaningful negotiations leading to a comprehensive settlement, he argued that, to be adequately prepared, the ground had to be levelled, meaning that the existence of two sovereign states on the island needed to be recognized. This precondition to engaging in a discussion of the issues led me, on 12 September 2000 at the outset of the fourth session of proximity talks, to make the following statement to the two leaders:

> "The Greek Cypriot and Turkish Cypriot parties have been participating, since December 1999, in proximity talks to prepare the ground for meaningful

negotiations leading to a comprehensive settlement. I believe the time has now come to move ahead.

"In the course of these talks I have ascertained that the parties share a common desire to bring about, through negotiations in which each represents its side — and no one else — as the political equal of the other, a comprehensive settlement enshrining a new partnership on which to build a better future in peace, security and prosperity on a united island.

"In this spirit, and with the purpose of expediting negotiations in good faith and without preconditions on all issues before them, I have concluded that the equal status of the parties must and should be recognized explicitly in the comprehensive settlement, which will embody the results of the detailed negotiations required to translate this concept into clear and practical provisions."

26. That statement, made public as a press release, had two purposes. The first was to make clear that the status question would have to be addressed under the terms and at the time of a comprehensive settlement, to be negotiated by equal parties at the negotiating table. The second was to make clear that the insistence on satisfaction on status as a precondition to meaningful negotiations was not justified, and that therefore the ground was prepared for negotiations to begin in earnest. Mr. Clerides took strong exception to this statement (a position subsequently backed by his legislature) but, following clarifications, remained in the process.

27. After the statement of 12 September, Mr. Denktash increased his level of engagement somewhat. Building on some preliminary thoughts which my Special Adviser had put forward to the parties on 12 July 2000, my Special Adviser suggested a number of ideas on the core issues for the consideration of the parties — ideas that were to germinate, reappear in the direct talks, and become important building blocks for my 2002 proposal. Mr. Clerides, while reluctant to engage in a hypothetical exercise, showed a willingness to depart to some degree from his starting positions. Mr. Denktash did not accept that the ground was now prepared for meaningful negotiations, citing, in particular, Mr. Clerides's reaction to the 12 September statement, and while he was prepared to consider some ideas put forward by my Special Adviser on some issues, showed little flexibility and displayed increasing uneasiness about the substantive nature of the process.

28. On 8 November 2000, towards the end of the fifth session of proximity talks in Geneva, I met the two leaders and made some private oral remarks to them on procedure and substance — remarks which, among other things, reaffirmed my 12 September 2000 statement.[1] After those remarks, which were not a proposal, Mr. Denktash declared that the proximity talks were "dead" and did not accept my invitation to a further session of proximity talks in January 2001. Mr. Denktash's position was supported by significant public misrepresentations of my oral remarks, but he maintained it despite the efforts of my Special Adviser to address his misconceptions. The failure to resume talks eventually saw the year 2001 pass without any substantive negotiations on the Cyprus problem.

29. Despite encouraging indications from the Government of Turkey in the summer of 2001, and my meeting with Mr. Denktash in Salzburg on 28 August,

[1] The text of those remarks is available upon request from the Secretariat.

Mr. Denktash rejected my invitation of 5 September 2001 to a new and reinvigorated phase of negotiations, insisting that for talks to resume my oral remarks of 8 November had to be repudiated and that the statement of 12 September should be the sole basis for talks.

The European Union dimension

30. Throughout 2000 and 2001, an important element in Mr. Denktash's position, supported by Turkey, was that the accession of Cyprus to the European Union was illegal, as long as Turkey was not a member and as long as the Turkish Cypriots had not consented to it. The legal basis of this position was disputed by the Greek Cypriot side and rejected by the European Union. Mr. Denktash remained hostile to the accession of Cyprus to the European Union and disputed the desirability of resolving the Cyprus problem in advance of decisions concerning the enlargement of the European Union.

31. During 2000 and 2001, my Special Adviser had numerous contacts with officials of the European Commission, primarily addressing the question of how Turkish Cypriot concerns could be accommodated in the context of the accession to the European Union of a reunited Cyprus. It was clear to me that, given economic and numerical disparities, the unrestricted application of the *acquis communautaire* in the north would be problematic for the Turkish Cypriots, and that special arrangements would be needed for Cyprus, unique among European Union candidate countries as a standing item on the Security Council agenda and emerging from a context of conflict. I personally made these points in May 2001 in an appeal to European Union Ministers for Foreign Affairs.

32. I welcomed the European Union's response to that appeal, in particular its policy, encapsulated by the President of the European Commission in November 2001 during a visit to Cyprus, that the European Union, with its *acquis*, would never be an obstacle to finding a solution to the Cyprus problem, and that the European Union would accommodate whatever arrangements the parties themselves agreed to in the context of a political settlement.[2]

The direct talks

33. During the meeting held on 4 December 2001, at which the two leaders agreed to begin direct talks, Mr. Denktash signalled an important shift in his position regarding the European Union. He said he had taken note of European Union statements regarding accommodation of the terms of a political settlement. He said that the Turkish Cypriot side would support the membership of the "Cyprus Partnership" in the European Union within the terms of a settlement, provided the

[2] The European Union's policy was stated on 22 June 2002 in the Seville European Council Presidency conclusions:

> "The European Union would accommodate the terms of ... a comprehensive settlement in the Treaty of Accession in line with the principles on which the European Union is founded: as a member State, Cyprus will have to speak with a single voice and ensure the proper application of European Union law. The European Union would make a substantial financial contribution in support of the development of the northern part of a reunited island."

"balance" between Turkey and Greece with regard to Cyprus established by the 1960 Treaties was maintained. Mr. Denktash also spoke publicly of trying to achieve agreement by June 2002.

34. The 4 December meeting, Mr. Denktash's statements, the unprecedented crossing of the buffer zone by the two leaders, albeit only for social engagements, and the start of the direct talks in January 2002 led to a justifiable rise in expectations. The long-standing personal relationship between the two leaders was a positive element in the talks. The two leaders took entirely different approaches to the negotiations, however.

35. Mr. Clerides believed that the leaders, having ascertained each other's positions on the issues, should refrain from restating their visions or debating their merits. Instead, he proposed that each leader should indicate where he could be flexible and where he could not be, and they should engage in a process of give and take on all the core issues and help each other to meet their most basic concerns. To this end, Mr. Clerides showed a preparedness to make openings on a range of issues, so that his position was considerably more flexible than the starting position I have earlier described.

36. Mr. Denktash took the position that the parties should first reach a common understanding on a vision of a settlement — they should converge on the essential end result — before engaging in the details of the core issues. While Mr. Clerides strongly disagreed with this approach, many of the meetings ended up being discussions about the visions of the two sides. These discussions usually ended up reverting to debates about the past, and little or no progress was made in bringing the visions closer together. Mr. Denktash was prepared to discuss the core issues, usually preferring to restate his position on them, often from prepared texts, rather than engage in an exercise of give and take, but he was not prepared to discuss the core issue of territory in any meaningful way until the issue of sovereignty had been addressed. For his part, Mr. Clerides, keen for negotiations to be held on territory and property, indicated that, if a substantial majority of Greek Cypriots were able to return to their homes under Greek Cypriot administration, he would be prepared to be flexible on the issue of property.

37. In the period until the initial target date of June, some headway was made on a small number of issues, including the powers of the central authority and security. On the latter issue, the leaders provisionally agreed on some key points late in May but, after consultations with Turkey, Mr. Denktash called major elements of that agreement into question, leading Mr. Clerides to insist that all the points that had been provisionally agreed be put in brackets as not agreed. There was an important discussion on the issue of citizenship, including that of people from Turkey who had settled in Cyprus since 1974, but it was not followed up by Mr. Denktash.

38. While third-party assistance was obviously desirable, indeed indispensable, to help the parties to move the process forward, Mr. Denktash, who had initially proposed direct talks without third-party presence, was strongly resistant to the United Nations playing a substantive role. In this he received the full support of Turkey. Regrettably, on the aim of reaching an agreement in time for the accession to the European Union of a reunited Cyprus, Mr. Denktash's position during the direct talks would not be constant, and he often contradicted his statement of 4 December 2001 regarding European Union membership.

39. In an effort to move the process forward and instil a sense of urgency, my Special Adviser sought to assist the parties in a manner which did not hamper the two leaders' capacity to negotiate freely. He held a number of meetings where the two leaders were not accompanied by aides, in which format there was less rhetoric and more candour. Those meetings produced some glimmers of progress — regrettably, the glimmers seldom lasted beyond the meeting, subsequent meetings often reverting to debates about history or visions.

40. My Special Adviser also conducted seminars with each leader and his team, during which the United Nations discussed with the parties creative ways in which the particularly difficult issues might be addressed in a manner different from the one they had in mind.

41. After the June target passed with no breakthrough, my Special Adviser began suggesting compromise formulations during the meetings, compiled a list of work outstanding, and suggested a work programme to the two leaders to be taken up when the talks resumed after the August break. Though the leaders did not reach any agreements after the talks resumed, there was some exploration of issues that until that time had been largely ignored — how a new state of affairs might come into being, what methods might be used to provide elements of continuity for both sides in that new state of affairs, what the transitional governmental structures should be, and an approach to addressing the issues of territory and property as a package.

42. It was abundantly clear by this time that, left to their own devices, the two leaders would not be able to reach agreement. The process had, however, given the United Nations a detailed understanding of their positions, and the time to generate ways of bridging them in a manner which sought to meet the legitimate underlying concerns, needs, interests and aspirations of each side in a manner consistent with those of the other. I therefore gave careful consideration to the question of submitting a written proposal. In addition to the principle, the timing of this was extremely delicate because of conflicting calendars: Mr. Denktash's convalescence following open-heart surgery early in October, the Turkish elections early in November, the Copenhagen European Council on 12 and 13 December, and the looming prospect of campaigning to succeed Mr. Clerides.

The presentation of my plan

43. On 11 November 2002, I presented to the parties and the guarantors a "Basis for Agreement on a Comprehensive Settlement of the Cyprus Problem". This proposal was constructed in such a manner that the two leaders could sign a two-page "Comprehensive Settlement of the Cyprus Problem", the essence of which was that they would commit themselves to finalizing negotiations, with United Nations assistance, on the basis of the substantive parts of the plan by 28 February 2003, and submit the plan to separate simultaneous referenda for approval on 30 March 2003. This would have allowed a new state of affairs to come into being and a reunited Cyprus to sign the Treaty of Accession to the European Union on 16 April 2003.

44. I asked the parties to convey their initial reactions within a week. On 18 November 2002, Mr. Clerides informed me by letter that he was prepared to negotiate on my proposal but sought a number of clarifications. Mr. Denktash requested more time to consult and on 27 November 2002 informed me by letter that he was prepared to negotiate my proposal but noted there were serious elements of

concern on his side. Mr. Denktash's delayed reaction left little time for negotiation prior to the Copenhagen summit. Nevertheless, the two leaders, at my request, gave me written reactions to the substance of the document, in particular on the essential issues I had asked them to focus on, and Mr. Denktash eventually returned to Cyprus on 7 December 2002.

45. During the time remaining before the Copenhagen summit, my Special Adviser engaged in round-the-clock consultations with both leaders, as well as with Greece and Turkey; members of the United Nations team also held extended discussions of details with advisers of the two leaders. It was a key principle of my approach that, if the United Nations were to present a revision (as opposed to the leaders agreeing with each other on specific changes), the overall balance of the plan would have to be maintained. Regrettably, the substantive input from the Turkish Cypriot side was extremely general and largely conceptual — leaving the United Nations to seek inspiration for concrete improvements from concerns publicly voiced by a broad cross section of Turkish Cypriot civil society.

46. On 10 December 2002, I put forward a second version of my plan to bridge remaining gaps between the parties. I invited the two leaders to Copenhagen on 12 and 13 December in the hope of achieving agreement before the European Council took decisions regarding enlargement. I also asked the guarantors to be represented at Copenhagen.

47. Mr. Denktash did not attend the Copenhagen summit, and only sent a representative following my personal intervention. The representative, Tahsin Ertuğruloğlu, informed my Special Adviser that he had authority to sign an agreement should Mr. Denktash make such a decision. Mr. Ertuğruloğlu was unyielding on the substance, however — a position supported by public statements Mr. Denktash made at the time in Ankara. For its part, Turkey had come to the summit with a policy which sought to link a settlement of the Cyprus issue with Turkey's European Union perspective. Consultations between my Special Adviser and Turkish officials focused solely on the territorial issue but were not pursued. Mr. Clerides took a non-committal position; in view of the negative attitude of Mr. Denktash the question whether the Greek Cypriot side would sign became theoretical. In the event, though agreement did seem very close, once it became clear that no agreement would be reached at Copenhagen, I decided not to attend myself. I did, however, have the opportunity to press the urgency of the matter with the Turkish leader, Recep Tayyip Erdoğan, when he called on me in New York on 10 December.

48. The missed chance at Copenhagen did not, however, spell the end of the effort. On the contrary, both the Security Council and the European Union called on the parties to try to reach agreement by 28 February — the date envisaged in my plan for the finalization of all aspects of the plan. I proposed a three-track negotiation: the leaders should focus on achieving agreement on the substantive issues, which I hoped would be confined to one or two major questions; Greece and Turkey should focus on reaching agreement and finalizing the security aspects of the plan; and the technical committees, agreed to on 4 October 2002, should be appointed and begin meeting without delay to finalize laws and the list of treaties on the basis of my plan of 10 December.

49. Track 1 of the negotiations resumed in mid-January, the leaders meeting three times a week. During the negotiations, Mr. Denktash sought changes to the plan,

some of which radically altered key concepts, others relating to details. Among the demands were certain basic requirements which Turkish interlocutors, in lengthy and detailed consultations with my Special Adviser, also underlined as important. Mr. Clerides also sought changes, which were by and large within the parameters of the plan. Little substantive progress was made in the talks; but Mr. Clerides indicated to Mr. Denktash that, should they not be able to agree on changes by the end of February, he would be prepared to sign the plan as it stood.

50. Track 2 was no more successful. The Government of Greece approached the Government of Turkey twice to begin talks on security without success; eventually, representatives met in Ankara on 21 February, but those discussions did not produce agreement or progress. As had been agreed, my Special Adviser flew from Cyprus to receive a joint briefing from the delegations on the talks; in the event the Turkish representative did not consent to a joint briefing and the delegations briefed my Special Adviser separately.

51. Track 3 produced reasonable progress, the technical committees reaching agreement on some important issues and, particularly on the Greek Cypriot side, producing a huge number of draft laws for consideration and finalization. The treaties committee made some headway, including the production of lists of treaties and instruments for consideration, but issues of principle made real progress difficult.

52. During this period, the leaders agreed to authorize the United Nations to conduct a flag and anthem competition for a unified Cyprus, to be included in the plan which would be put to a referendum. The leaders also agreed to the United Nations contacting potential transitional Supreme Court judges and preparing a list for their consideration. The leaders did not respond to my Special Adviser's repeated requests to react to the list of judges transmitted or appoint committee members to select a flag and anthem (despite a massive public response to the competitions).

53. The negotiations were briefly interrupted by the Presidential elections, in which Tassos Papadopoulos was elected to succeed Mr. Clerides. After the election, my Special Adviser engaged in intensive consultations with Mr. Papadopoulos — as he had done during January and February with Mr. Denktash and Turkey. Mr. Papadopoulos underlined the continuity of his policy with that of Mr. Clerides, indicating that he did not wish to reopen key concepts in the plan or matters already essentially agreed. He raised a number of concerns regarding workability and implementation of the plan. Mr. Papadopoulos and Mr. Denktash did not meet until my arrival in Cyprus.

54. During the last week in February, I visited Turkey, Greece and Cyprus, and on 26 February I formally presented a third, and what I believed should be final, version of my plan, entitled "Basis for a Comprehensive Settlement of the Cyprus Problem". Prior to my visit my Special Adviser had contributed to writing the important changes I had in mind. This version contained further refinements, particularly addressing the basic requirements of the Turkish side at the same time as meeting a number of Greek Cypriot concerns in order to maintain the overall balance. I also filled in all remaining gaps in the core parts of the plan, particularly those relating to security on which Greece and Turkey had not been able to agree.

55. I met jointly with Mr. Clerides, Mr. Denktash and Mr. Papadopolous on 27 February. Given that no further time remained if a referendum was to be held on 30 March 2003, and given the minute prospects of the leaders being able in further negotiations to agree to changes to the plan, I proposed that the leaders should agree to put the plan to separate simultaneous referenda on 30 March 2003 in the terms foreseen in the plan. They would do this by signing a two-page "Commitment to submit the Foundation Agreement to separate simultaneous referenda in order to achieve a Comprehensive Settlement of the Cyprus Problem". Such agreement would not, however, preclude the leaders from negotiating further substantive changes by mutual agreement in advance of a referendum. I also proposed that the work of the technical committees should continue until the week before the referendum, in order to finalize the outstanding technical aspects, with my assistance on technical matters on which they might not be able to agree. I invited the two leaders to The Hague on 10 March to inform me whether or not they were prepared to sign a commitment to put the plan to referenda. On 28 February, the two leaders accepted my invitation.

56. In The Hague, Mr. Papadopoulos informed me that he was prepared to commit himself to putting the plan to referendum, as long as the people knew what they were being asked to vote on. To that end, he wished to be sure that the gaps regarding federal legislation, as well as constituent state constitutions, would be filled. He underlined the importance of Greece and Turkey agreeing and committing themselves to the security provisions in the plan. Furthermore, he claimed that considerably more time was needed than was available for a proper public campaign on the referendum to be carried out. He said that those conditions needed to be fulfilled before a referendum could be held. He said he was prepared not to reopen the substantive provisions of the plan if the other side was prepared to do likewise.

57. Mr. Denktash informed me that he was not prepared to agree to put the plan to referendum. He said he had fundamental objections to the plan on basic points. He believed that further negotiations were likely to be successful only if they began from a new starting point and if the parties agreed on basic principles. He added that Turkey was in any case not in a position to sign the statement requested of the guarantors.

58. Turkey confirmed its inability to make the commitment that my plan required of the guarantors, citing previously unmentioned constitutional reasons. For his part, Mr. Papadopoulos insisted that this commitment was necessary before referenda could be held.

59. In spite of this, I tried to salvage the process — an effort in which I involved the guarantors — by proposing an extension of the deadline for finalizing negotiations until 28 March, and taking a decision at that time on the holding of separate simultaneous referenda on 6 April. To be at all realistic, such a scenario would have required a stringent work programme, including an immediate restarting of the work of the technical committees, and contingent preparations for referenda. Mr. Denktash refused all of these requirements. This meant that it would clearly not be possible to achieve a comprehensive settlement before the signature of the accession treaty to the European Union by Cyprus on 16 April 2003.

60. Accordingly, I drew the only possible conclusion and announced that the process had reached the end of the road. I made clear, however, that my plan

remained on the table, ready for the Greek Cypriots and the Turkish Cypriots to pick it up and carry it forward if they could summon the will to do so.

An explanation of my plan

61. My plan has been widely circulated and is available to members of the Security Council on request.[3] The plan is not a framework but a truly comprehensive proposal, including all legal instruments necessary, and leaving nothing to be negotiated subsequently. It is in the form of a covering document, to be signed by the leaders and accompanied by signatures of representatives of Greece, Turkey and the United Kingdom, to which is appended a Foundation Agreement comprising main articles and series of detailed annexes (including a Constitution).

62. I referred earlier to the Gordian knot of conceptual issues, as much psychological as practical in nature, which divide the parties. It relates to the legal and political interpretation of the past and present as well as visions of the future, is born of bitter historical experiences and recurring nightmares, and is reflected in disputes over labels. It was therefore necessary to cut this Gordian knot by addressing issues relating to terminology, the coming into being of the new state of affairs, and sovereignty.

Terminology

63. As far back as the proximity talks, I asked each leader to put labels to one side and focus on them at the end. The Greek Cypriot preference was for terminology based on a federal government with federated states, provinces or cantons. The Turkish Cypriot side spoke of a confederation during the proximity talks, a position which was refined by the time of the direct talks into a partnership state composed of partner or constituent states. It was also vital for the Turkish Cypriot side that the name of the state not be "Republic of Cyprus" — something the Greek Cypriot side was prepared to concede.

64. To assist the leaders in leaving labels to the end, during the proximity talks my Special Adviser proposed the use of the terms <common state> and <component states> — the chevrons being used to indicate that at some time these terms should be replaced with final terminology.

65. Eventually, the leaders discussed terminology in January 2003, but did not reach agreement — Mr. Denktash withdrew a proposal he had made after Mr. Clerides accepted it. In the plan, I suggested a compromise reflected in article 1 of the Constitution: the name of the state would be "United Cyprus Republic" (with "Cyprus" as a short form); it would have a "federal government" (a Greek Cypriot preference); and it would have "two constituent states, namely the Greek Cypriot State and the Turkish Cypriot State" (a Turkish Cypriot preference).

[3] The full text of the plan may be consulted in room S-3380 (please contact extension 4514 for an appointment), and on www.cyprus-un-plan.org.

Coming into being of the new state of affairs

66. It became clear during the talks that neither side would accept the starting point of the other regarding how a new state of affairs would come into being. Mr. Denktash would not accept that the exercise was the writing of a new constitution for the existing, internationally recognized, and continuing Republic of Cyprus, to transform it into a bi-communal, bi-zonal federation, the Turkish Cypriot community essentially being reintegrated into that state. Mr. Clerides would not accept that the exercise was the founding of a new state by two pre-existing sovereign states or entities, which devolved some of their sovereignty to that new state but otherwise retained sovereignty in their hands.

67. These differing approaches were as much a debate about the past as they were about the future. It was clear that the only practical way out was one that allowed both sides essentially to keep their views of the situation prior to the entry into force of the agreement and their views of the way in which the new state of affairs would come into being, while leaving no doubt regarding the legal situation for the future. To achieve this, the settlement needed to provide elements of continuity for both sides into the new state of affairs. The settlement also needed to be the source of legitimacy for all matters in the future.

68. The United Cyprus Republic would have a flag and anthem not previously used. Upon the coming into being of the new state of affairs, there would be immediate and elaborate procedures relating to the United Nations, the European Union and the Council of Europe.

69. Building upon work done by my Special Adviser, I sought to establish this concept with the leaders when we met in Paris on 6 September 2002. Upon the resumption of talks after that meeting, important groundwork was laid by technical understandings reached between the United Nations legal adviser and the legal advisers of the two leaders relating to the validity of past acts, treaties to be binding on Cyprus, and the laws to be in force. When I next met the leaders in New York on 3 and 4 October, I further developed this concept, and I explained that an enormous amount of technical work would need to be done to prepare the laws and the list of treaties to be incorporated into a settlement.

70. I was heartened by the fact that the two leaders agreed in New York to create two technical committees to work on these issues — an important step towards achieving a meeting of the minds regarding how the new state of affairs would come into being. The work of those committees would be monumental in scope — negotiating a list of treaties (in the end, over 1,900 were on the table for consideration) and federal laws (in the end, roughly 6,000 pages of draft laws were on the table for consideration). It was of the utmost importance, therefore, that the technical committees should begin to work without delay, as the leaders had agreed in my presence. However, despite my pleas, Mr. Denktash failed to take action on this agreement before undergoing surgery, and did not do so during his recovery despite repeated appeals. The matter was left until early 2003, meaning a three-month delay in starting this important technical work, cutting the time available by 60 per cent.

71. When the committees finally convened and began work early in January 2003, they worked hard and in good faith. They based their work with few exceptions on my proposal of 10 December, although on the Turkish Cypriot side this happened

with some reluctance and reservations, owing apparently to restrictive instructions. One consequence was the inability to hold parallel meetings of the committees, which therefore did not make sufficient progress in the short time available. In my revised proposal of 26 February I was therefore compelled to suggest ways of dividing the committee work into elements that needed to be completed before the referenda and elements that could be addressed afterwards. However, Mr. Denktash stopped the work of the committees immediately after my departure from the island at the end of February. When the effort came to an end on 11 March, drafts had been produced by the parties (mostly by the Greek Cypriot side) on which to base the work of the technical committees.[4] The completion of that work would have been possible in the time remaining, with greatly enhanced input from the United Nations in order to meet the requirements.

Separate simultaneous referenda as a constitutive act

72. A concept underlying the holding of referenda was that the act of reunification of Cyprus should be an act not of the leaders but of the people on each side. Cyprus would be reunited, but not by the signature of a comprehensive settlement by the two leaders; rather, the two leaders would agree to put the Foundation Agreement to approval by the Greek Cypriots and the Turkish Cypriots in separate simultaneous referenda. The Greek Cypriots and the Turkish Cypriots would exercise their inherent constitutive power, renewing their partnership. The new partnership would be based on a relationship not of majority and minority but of political equality.

Sovereignty

73. Perhaps the most contentious conceptual issue was sovereignty. The Turkish Cypriot side repeatedly raised this issue and often blocked discussion of others — particularly territory — pending satisfaction on it.

74. The Greek Cypriot side, basing itself on Security Council resolutions, insisted that the state should explicitly have a single sovereignty, but Mr. Clerides showed a preparedness to go along with a compromise whereby sovereignty would not be mentioned. What he would not accept was that sovereignty be split or layered. His concern was that if sovereignty was in any form vested in the constituent states, the component parts would be able to dissolve the state, secede and partition the island. A breakdown of the new state of affairs followed by secession of a sovereign Turkish Cypriot state and the consequent partition of Cyprus could be described as the Greek Cypriot nightmare.

75. The Turkish Cypriot side, in line with its thesis that two sovereign states would found a new state, wanted the component parts to "retain" whatever sovereignty they had not "ceded" to the new state. In time Mr. Denktash's position on the issue showed tentative but non-committal signs of evolution — for example, that the constituent states should enjoy residual powers as "sovereign powers", and that secession could be excluded. He remained adamant, however, that a solution which did not attribute some form of "sovereignty" to the component parts was unacceptable. He invoked the Constitution of Switzerland, article 3 of which stipulates that the Cantons are sovereign insofar as their sovereignty is not limited by the Federal Constitution. A breakdown of the new state of affairs followed by the

[4] These drafts, running to 6,000 pages, may also be consulted in room S-3380.

larger Greek Cypriot population alone exercising the sovereignty of the state could be described as the Turkish Cypriot nightmare.

76. After initially leaning towards not mentioning sovereignty at all in my proposal, I came to the view that this would leave unanswered questions and not put the nightmares to rest. My plan therefore proposes that "the status and relationship between the United Cyprus Republic, its federal government and its constituent states is modelled on the status and relationship of Switzerland, its federal government, and its cantons". Accordingly, the plan specifies that the United Cyprus Republic has a single international legal personality and sovereignty, and partition or secession are expressly prohibited. At the same time, the plan provides that the constituent states sovereignly exercise all powers not vested in the federal government, organizing themselves freely under their own constitutions consistent with the overall agreement, as well as providing (as in Belgium) for no hierarchy between federal and constituent state laws.

77. The reference to the existing and well-established model of Switzerland for this aspect of my proposal appeared to be appropriate for meeting concerns of both sides. The Greek Cypriot side could take comfort in the fact that Switzerland was clearly a sovereign State and its cantons did not enjoy a right to secede. The Turkish Cypriots could take comfort in the fact that the Swiss model, which they had regularly cited as their inspiration, was the model to be applied.[5]

International underwriting of the principles of the agreement

78. The plan also included devices by which the key international actors would underwrite, in different ways, the principles of the agreement. This would occur, through acknowledgement, endorsement and/or guarantee, by the Security Council, the European Union, the Council of Europe and the guarantor Powers. The various devices form a coherent structure of international underpinning of the agreement; each one for what is relevant. They were designed to address the concern, frequently expressed by Mr. Denktash, that the agreement not be a "paper agreement" that could be undone at a later date.

79. It is my view that this carefully balanced and original approach to the conceptual issues would allow each side to move ahead into a new state of affairs in Cyprus with dignity and confidence.

Substantive issues

Presidential Council

80. On the issue of governance, perhaps the most difficult issue between the parties was the form of executive government at the centre. The Constitution of 1960, as well as previous United Nations proposals, were based on a Greek Cypriot President and a Turkish Cypriot Vice-President, each elected only by his or her

[5] The reference to the Swiss model in regard to issues of status, and the Presidential Council, has led to the mistaken belief in some quarters that my plan proposed the Swiss model in general as the solution for Cyprus. This is not the case. Cyprus requires a solution sui generis. While specific aspects of various models provided inspiration, none were simply transplanted wholesale.

respective community, the Turkish Cypriot Vice-President exercising veto rights on specified issues.

81. The Greek Cypriot side, concerned with the workability of the government, wished to eliminate the veto (which it considered to be a major ingredient in the deadlocks and conflict that arose in the early years of the Republic's existence) and separate electorates (which it thought tended to affect workability and promoted division). For its part, the Turkish Cypriot side, to underline political equality and prevent any domination, wished to replace the President/Vice-President model with a co-Presidency with 50-50 rotation as head of State, and consensus decision-making (meaning that the veto would be extended to all decisions). The Greek Cypriot side believed such a system would be undemocratic given the substantially different size of the two populations.[6] Instead, they wanted their numerical majority reflected and asked for the election of the President and Vice-President by all Cypriots, with weighted voting in favour of the Turkish Cypriots. The Turkish Cypriot side was resolutely opposed to any cross-voting, however, even if weighting of votes led to Turkish Cypriot votes counting for 50 per cent, believing this would prevent the election of "true" Turkish Cypriot representatives.

82. My proposal to find a way through this cluster of issues was inspired by the need to find a form of government which (a) reflected and guaranteed the political equality of Greek Cypriots and Turkish Cypriots but also reflected in a democratic manner the significantly larger numbers of Greek Cypriot citizens; and (b) carried cast-iron guarantees against domination while ensuring that the government would function effectively.

83. The Turkish Cypriot opposition to cross-voting had the effect of limiting United Nations options. The United Nations gave consideration to a range of power-sharing models with some form of rotation at the head of the state. Eventually, I proposed a collective Presidential Council with rotating chair, inspired by but not identical to the Swiss model.[7] The basic concept of a Presidential Council initially drew perplexed reactions from the two sides, but in time it became broadly accepted. It was one of the least contentious issues in the discussions which followed the presentation of the plan.

84. My proposal states that the office of head of State is to be vested collectively in a Presidential Council of six equal members — four Greek Cypriots, two Turkish Cypriots. The chair of the Council would rotate among the six members. This would mean that a Turkish Cypriot would represent the Presidential Council as head of State one third of the time — underlining political equality while also reflecting in a democratic manner the larger number of Greek Cypriot citizens. The members of the Council would be elected from a single list (unlike in Switzerland), requiring the support of at least two fifths of the Senators from each constituent state. This would ensure that those elected would have clear support from their own constituent state

[6] The system envisaged by the Turkish Cypriot side would mean that a person elected only by a majority of the Turkish Cypriots (i.e. by roughly 10 per cent of the Cypriot voters) would be head of State for half of the time.

[7] This form of government has ancient origins (e.g., the Roman triumvirates) and was revived by both the French and the Russian revolutions. In all these historical instances its primary purpose was to prevent the tyranny of a single ruler. Transposed to Switzerland by Napoleon, it developed another purpose, namely to solve the delicate question who should be at the helm of a multi-ethnic and multicultural country.

(a Turkish Cypriot concern) and from both constituent states (a Greek Cypriot concern).

85. The plan proposes that the decisions of the Presidential Council would be taken by consensus if possible, and otherwise by simple majority provided such a majority included at least one Greek Cypriot and one Turkish Cypriot. The companion concepts that no decision could be taken by persons from one constituent state alone and that no single person could veto decisions or block the running of the state run like a golden thread throughout the plan.

Bicameral parliament

86. As to the federal Parliament, the plan proposes a Senate with a 50-50 composition, reflecting the political equality of the constituent states, and a Chamber of Deputies reflecting the population of the island with a slight weighting of seats towards the smaller Turkish Cypriot population (minimum of 25 per cent of seats per constituent state). The decision-making procedures of the Senate are designed to ensure that decisions enjoy substantial support from both constituent states. Ordinary decisions would require a majority of Senators which included at least one quarter of Senators from each constituent state. On a range of subjects that could be said to touch on vital interests of the constituent states, a special majority of two fifths of Senators of each constituent state would be required.

Distribution of competences

87. Although they began far apart, the parties made progress on the issue of distribution of competences, leaving only a small gap to be bridged. The plan equips the federal government with specified powers, comprising those necessary to ensure that Cyprus can speak and act with one voice internationally and in the European Union, fulfil its obligations as a European Union member State, and protect its integrity, borders, resources[8] and ancient heritage.

88. All remaining powers — which are the bulk of the powers and include most matters affecting the day-to-day life of citizens or requiring major budgetary expenditure — would fall within the sphere of competence of the constituent states, which would thus enjoy residual powers. The plan also provides for the implementation of federal legislation by the constituent states where this is appropriate. This principle was translated into practical provisions by the technical committees.

Cooperation and coordination

89. The plan contains mechanisms to promote cooperation and coordination between the constituent states, and between them and the federal government. These include Constitutional Laws, Cooperation Agreements, and facilities for cooperation and coordination funded by the federal government.

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[8] Natural resources were initially proposed as a matter within the competence of the constituent states. In view of Turkish Cypriot concerns that a disproportionate share of water resources would be within the Greek Cypriot State (since any realistic territorial adjustment would affect aquifers in the Famagusta and Morphou areas), this was included as a federal matter in the second version of the plan, with the specific matter of water resources to be regulated by special majority law and equitably attributed between the constituent states.

90. The concept of Constitutional Laws was developed to regulate in a uniform manner the exercise of powers by the constituent states (and the federal government) at a level of detail not appropriate for the Constitution. This could not be done through federal law given the principle of no hierarchy. Such laws are vehicles of cooperation as they must be passed by the federal parliament and both constituent state legislatures.

91. Cooperation Agreements between the federal government and the constituent states, inspired by the Belgian model (which was repeatedly invoked by the Turkish Cypriot side during the talks), were the mechanism to ensure cooperation on foreign and European Union relations, as well as on police matters.

The key role of the Supreme Court

92. In a system without legal hierarchy between the federal and the constituent state level of government, the Supreme Court is the only institution which can ultimately guarantee the harmonious functioning of the state. The proper functioning of that institution is all the more critical.[9]

93. The parties agreed early on that there should be an equal number of Greek Cypriot and Turkish Cypriot judges on the Supreme Court. However, the only way to prevent the Court from being deadlocked on issues contentious between the two communities or the two constituent states was to provide for non-Cypriot judges. Learning from the failed experience of 1960 and to allow for the sharing of the burden of possible regular exercise of the casting vote, my plan suggests that there be three such judges. Since the Supreme Court would be the only federal institution not exposed to the danger of deadlocks in decision-making, it would also break any grave deadlocks in other federal institutions ad interim, exercising this power in a circumscribed manner.

94. Cyprus would not be the only country with foreign judges in its Supreme Court and this would in no way diminish its sovereignty, as those judges would be appointed by the Cypriot authorities.[10] In January 2003, Mr. Clerides and Mr. Denktash reluctantly agreed that the inclusion of foreign judges, and the deadlock-resolving role of the Supreme Court, would be necessary.

Cyprus as a member of the European Union

95. The plan includes a protocol, proposed for inclusion in the Treaty of Accession to the European Union of Cyprus, which would have provided for extensive derogations and long transitional periods relating to the application of the *acquis communautaire*, mostly in favour of the Turkish Cypriots. These far-reaching provisions arose from careful consultation between the European Commission and

[9] Given how the new state of affairs would come into being, it was necessary to have the judges selected prior to the referendum, so that they would be in office from the very first moment. This was why the two leaders authorized the United Nations to search for and suggest candidates to fill these posts for their consideration.

[10] It should be noted that the plan provided flexibility on this issue, enabling the federal Parliament to dispense with foreign judges once trust and confidence built up between the two sides. It should also be noted that a refinement was added in the third version of my plan whereby the foreign judges would not participate in decisions if the Cypriot judges were able to reach decisions without their participation.

the United Nations, building on the policy of accommodation adopted by the European Union in view of the unique situation in Cyprus.

96. To preserve the balance between Greece and Turkey,[11] the protocol expressly provides that Greek and Turkish nationals would enjoy equal entry and residency rights (residency rights being subject to the same restrictions in proportion to the Greek Cypriot and Turkish Cypriot populations respectively). In addition, the plan provides for Cyprus to accord most-favoured-nation treatment to Greece and Turkey to the extent compatible with European Union membership.

97. As for the functioning of Cyprus as a European Union member state, the plan foresees, among other things, extensive cooperation between the federal government and the constituent states based on cooperation agreements inspired by the Belgian model. Cyprus could thus be represented in the European Council by members of constituent state institutions if the issue under discussion fell into the sphere of competence of the constituent states.

Residency rights

98. The issue of freedom of establishment of residence was extremely contentious. In their wish to avoid the intermingling of Greek Cypriots and Turkish Cypriots, the Turkish Cypriot side wanted the constituent states to have the unfettered right to decide who could establish residency therein — this was their concept of "bi-zonality". The Greek Cypriots argued that the Turkish Cypriot position amounted to ethnic purity and that basic human rights and the principles of the *acquis communautaire* should allow any Cypriot citizen to settle anywhere on the island, any limitations being acceptable only in the first few years — for them "bi-zonality" meant only two distinct zones administered by Greek Cypriots and Turkish Cypriots respectively.

99. The plan suggests a very gradual approach to the establishment of residency by former inhabitants and other Greek Cypriots in the Turkish Cypriot State (and vice versa). Initially there would be a total moratorium, though people over 65 and their spouses (or one sibling), as well as former inhabitants (and their descendants) of four villages at the tip of the Karpas peninsula where some Greek Cypriots have remained since 1974, would be exempted from limitations after two years.[12] After six years the moratorium would be lifted, but the constituent states would be authorized to impose limitations if the number of residents from the other constituent state in any given village (including any persons over 65) reached 7 per cent, and 14 per cent after 11 years. After the fifteenth year and until Turkey's accession to the European Union, limitations could be imposed if 21 per cent of the population (including any persons over 65 or in the Karpas villages) hailed from the other constituent state. The power to impose these restrictions would have been specifically authorized by the European Union in the protocol to the Treaty of Accession.

[11] The Turkish Cypriot side attached great importance to maintaining the balance between Greece and Turkey, but despite many requests did not elaborate what would be required to achieve this result.

[12] The population of these villages had also been granted special rights under the third Vienna Agreement reached by Mr. Clerides and Mr. Denktash in 1975.

100. It is my conviction that the dispute over this issue may have been based on unrealistic assumptions on both sides. I believe that fewer Greek Cypriots than the percentages indicated above would, in the end, wish to establish residence in the Turkish Cypriot State, meaning that these limitations would have little practical effect on Greek Cypriots, and also that the Turkish Cypriots should not look at these figures as "targets" of returns but as ultimate safeguards unlikely ever to be required. However, these figures became major sources of controversy and contention on both sides, and in each version of my plan I revised them to try to improve the plan for both. The initial approach had been an even more gradual one but with a shorter moratorium and a limit of 33 per cent after 20 years. My second plan extended the moratorium but slightly accelerated the pace to end with a limitation of 28 per cent after 15 years. My third plan introduced the concept of lifting these limitations after Turkey joins the European Union in exchange for lower limits before, and the exemption for the elderly in exchange for a longer overall moratorium. The Karpas villages are a special case — I shall refer to these in the section on territory.

101. It should be emphasized that my plan largely unlinks residency rights and the issue of reinstatement of property — two aspects which have often been confused in public discussion.

Citizenship and the exercise of political rights

102. The Greek Cypriot side was of the view that there should be a single Cypriot citizenship and that it should be held only by people who were citizens of the Republic of Cyprus in 1960 and their descendants (and by persons who have since acquired such citizenship in accordance with the law of the Republic). In particular, the Greek Cypriot side considered that Turks who had migrated to northern Cyprus since 1974 should not be given citizenship but at best some form of residency rights for humanitarian reasons, while most of them should return to their places of origin. The Greek Cypriot side argued that such people had been brought to Cyprus in contravention of international law, in particular the Geneva Conventions.

103. The Turkish Cypriot position, based on the approach of two pre-existing states coming together, demanded blanket recognition of existing citizenship rolls and dual citizenship for the future, that is, the allocation of constituent state citizenship by constituent state authorities, which would automatically entail citizenship of the United Cyprus Republic.

104. In the course of the direct talks, some progress was made on the issue. The parties agreed that future allocation of citizenship should be decided by a 50-50 board. When Mr. Denktash assured Mr. Clerides in a private meeting that the number of Turks who had been given "citizenship" by the Turkish Cypriot authorities was "only about 30,000-35,000", Mr. Clerides proposed that, if that was accurate and a list was provided, all these people should be considered Cypriot citizens and he would not insist on his starting position. Mr. Denktash agreed to provide a list to my Special Adviser but never did so, instead little by little revising his estimate to increase the number of people to 60,000, while objecting to the notion that the Turkish Cypriot side should have to provide any certainty on the issue since giving citizenship was "part of the exercise of its sovereignty".

105. I proposed, as a basic approach, a single Cypriot citizenship combined with an internal constituent state citizenship status which would be relevant notably for the

exercise of voting rights at the federal level. My plan gradually evolved through the two revisions with regard to the question whether a Cypriot citizen could change his internal status. I moved from a very open proposal, allowing for dual status, to a proposal requiring a person to give up the citizenship of one constituent state in order to acquire the other, to one which does not provide for any change of status and leaves the matter to the discretion of the constituent states. This was done to address widespread Turkish Cypriot concerns that the possibility of changing status would undermine the representation of the Turkish Cypriots in the federal institutions and could eventually lead to a Greek Cypriot majority in the Turkish Cypriot State. As a corollary to this more static approach on internal constituent state citizenship status, the third version of my plan provides for the exercise of voting rights at the constituent state and local levels on the basis of permanent residency rather than internal citizenship status, in order to satisfy international and European human rights requirements. This balanced approach has not been significantly criticized by either side — and has also gone some way to reducing Turkish Cypriot apprehensions about Greek Cypriots settling in the Turkish Cypriot State.

106. With regard to the question who would be considered a citizen of the United Cyprus Republic upon the entry into force of the agreement, my plan initially suggested that, in addition to those who had citizenship in 1963 and their descendants, certain categories of people be covered, namely, those who grew up in Cyprus and those married to Cypriots, in addition to people figuring on a limited list based on length of stay. The second version of the plan suggested that such a list should contain no more than 33,000 names. Both sides were uneasy about the openness of this approach and demanded that the number of people be fixed, including all categories, so as to provide certainty. The third version of my plan therefore provides for a list of 45,000 people from each side, priority to be given to people who grew up in Cyprus and to others on the basis of length of stay, while people married to Cypriots would automatically be considered citizens.[13]

Properties affected by events since 1963

107. Almost half the population of Cyprus lost properties as a result of intercommunal strife or military action between 1963 and 1974 and the unresolved division of the island since that time. The Greek Cypriot side advocated a solution based on full respect for property rights so that all displaced persons, from either community, would have the right to have their properties reinstated. The Turkish Cypriot side argued that property claims should be settled through liquidation by means of a global exchange and compensation scheme, meaning that no displaced persons, from either side, would have the right to have their properties reinstated.

108. International developments since the Second World War, both Cyprus-related and others, favour a settlement based on respect for individual property rights. In recent years the European Court of Human Rights has taken decisions recognizing the property rights of Greek Cypriots in the northern part of the island and allocating damages at the expense of Turkey. Thousands of similar cases are pending before

[13] In addition, each constituent state would be entitled to give permanent residency rights to citizens of Greece or Turkey, as the case may be, up to a level of 10 per cent of the number of persons holding its internal constituent state citizenship status. Such persons would, in time, be entitled to acquire Cypriot citizenship.

the Court. In making any suggestions I took into account these developments and the positions adopted recently by the United Nations and the international community in the former Yugoslavia, but also the fact that the events in Cyprus happened 30 to 40 years ago and that the displaced people (roughly half of the Turkish Cypriots and a third of the Greek Cypriots) have had to rebuild their lives and their economies during this time.

109. The way out of this conundrum of conflicting legitimate claims of owners and current users had to be a compromise. My scheme, to be administered by a property board, gives priority to the claims of current users who have themselves been displaced and dispossessed of properties and allows them to obtain title in exchange for their property in the other part of the island (this would apply also to their successors in title). Similarly, anyone who has significantly improved a property would be able to obtain title provided he/she pays for the value of the property in its original state. Other properties would be reinstated to their owners — although a range of incentives would encourage dispossessed owners to sell, lease or exchange their properties or seek compensation. In addition, reinstatement would not be possible for more than 20 per cent of the residences and land in any village or town (with the exception of a few specific cases) and for more than 10 per cent of the residences and land in either constituent state. According to United Nations estimates, the absolute maximum number of current users in the Turkish Cypriot State who might have to move from where they currently live under the property arrangements would be 15,000 to 18,000 persons.

110. Owners whose properties were not reinstated would be compensated with bonds guaranteed by the federal government and redeemable after 10 or 15 years from a compensation fund, to be funded by the sale of properties by the property board (the concept being that no one should obtain title to a property without paying for it through exchange or in cash). The property proposals also include detailed provisions for adequate alternative accommodation and a preferential loans scheme for current users.

111. While it is possible to differ on details, this approach, particularly when married to the territorial adjustment described below, strikes a fair balance between competing legitimate interests and individual human rights and respects the principle of bi-zonality and international law (including international human rights law and the fourth Geneva Convention).

Territory

112. The area currently under Turkish Cypriot control is slightly more than 36 per cent of the territory of the 1960 Republic of Cyprus, including 57 per cent of the coastline. During at least the century that preceded the division of the island, the share of the Turkish Cypriot population had consistently been in the vicinity of 18 per cent, and that of the Greek Cypriot population over 80 per cent. The property ownership was of roughly similar proportions but fluctuated slightly more. The number of Greek Cypriots who were living in the area north of the current dividing line was over three times the number of Turkish Cypriots living in the area south of that line, both according to the 1960 British census and the 1973 census.

113. These statistics indicate that a fair solution which would be acceptable to both sides would require a substantial territorial adjustment. Moreover, since I decided that a restrictive approach would be required on the property issue, I concluded that

a territorial adjustment should allow a majority of displaced Greek Cypriots to return to their homes under Greek Cypriot administration. At the same time, I wanted this adjustment to avoid villages which historically had a substantial Turkish Cypriot population (particularly in view of the fact that almost half of the Turkish Cypriots had already been displaced in the past) and to affect the lowest possible number of current inhabitants. The human impact of the map on both Greek Cypriots and Turkish Cypriots was my overarching concern.[14]

114. Regrettably, the United Nations was not able to discuss in a concrete fashion particular territorial options with the Turkish Cypriot side, despite repeated United Nations efforts and pleas to encourage them to engage on this issue. In the entire course of the process, Mr. Denktash declined to put forward a concrete territorial proposal, insisting on satisfaction on sovereignty or that the issue be discussed on the basis of criteria rather than in a concrete fashion. Mr. Denktash also justified his position by referring to the destabilizing effect of public knowledge that territory was being discussed.

115. I initially proposed two alternative maps and then, in my second proposal, I chose the one that best respected the parameters set out above. I did so having received no indication from the Turkish Cypriot leader of any preference for either map; his position, and that of Turkey, was that neither map was acceptable for a range of reasons. After my second proposal was put forward, Mr. Denktash and Turkey objected most strongly to the tip of the Karpas peninsula coming under Greek Cypriot administration.

116. In my third proposal, I put forward a new map, in which the whole of the Karpas peninsula would remain under Turkish Cypriot administration (though with important rights and protections for Greek Cypriots from those villages, as had been envisaged in my first proposal had the Karpas not been transferred to Greek Cypriot administration). To compensate for this, additional villages in other areas were to be returned to the Greek Cypriots, giving them slightly more returns but slightly less territory and coastline than in the previous map. Compared to the previous map, the map in my third proposal affects more current inhabitants and a few small villages which had historically been Turkish Cypriot,[15] but it would not otherwise have been possible to preserve the overall balance of the territorial proposal. My task in drawing a balanced alternative map was assisted by a welcome gesture of the United Kingdom, which offered to give up slightly less than half the Sovereign Base Areas (mostly in favour of the future Greek Cypriot State) in case of settlement.

117. The map in my third proposal would allocate slightly more than 29 per cent[16] of the territory and more than half the coastline of the 1960 Republic of Cyprus to

[14] This approach embraces a number of criteria, including the number of Greek Cypriots able to return, the number of affected Turkish Cypriots living in their historic homes, the number of current users affected, property ownership and economic viability or productivity. Given the human geography, a map with straight lines, preferred by the Turkish side, would not have been able to respect these criteria. Nor did straight lines seem necessary since the boundary is to be an administrative boundary within a European Union member State, and Turkish strategic concerns were addressed since no troops would be stationed in areas subject to territorial adjustment.

[15] These villages would enjoy the same special status in the Greek Cypriot State as would the four Karpas villages in the Turkish Cypriot State.

[16] In earlier negotiations under United Nations auspices, Mr. Denktash, in the context of an overall package had accepted that the Turkish Cypriot State would be within this range.

the Turkish Cypriot State. These proportions would drop by about 1 per cent each after the handover of part of the Sovereign Base Areas by the United Kingdom.

118. The area of territorial adjustment, which represents about 7 per cent of the territory of Cyprus, was home to 54 per cent of the Greek Cypriots displaced in 1974.[17] The number of current inhabitants according to the 1996 Turkish Cypriot census who would have to be relocated would be less than a quarter of the current population north of the dividing line.[18] Half of the people affected are in Famagusta and Morphou. The former would likely be able to move within Famagusta. The latter would have the opportunity to move as a community to a new site close to their current location where they would still be able to farm the orange groves they currently farm, a majority of which would be in the Turkish Cypriot State.[19] This would leave about 24,000 persons who would actually need to be relocated to totally different places. According to United Nations estimates, roughly half of the people to be relocated would be Turkish Cypriots who had been displaced in or after 1974 (and their descendants), while the balance would be persons who have migrated to Cyprus from Turkey since that date.

119. I proposed that the area of territorial adjustment be legally part of the Greek Cypriot State upon the entry into force of the Foundation Agreement but that its administration be delegated to the Turkish Cypriot State until no later than the date of the agreed handover. In addition, the plan foresees the creation of a relocation board, with United Nations participation, in charge of assisting the relocation process, and provides the United Nations with a supervisory role with respect to territorial adjustment. Furthermore, efforts for an international donor conference to provide for the financing of the relocation process were well under way when I had to suspend the current effort on 11 March.

Security

120. The issue of security was one of the few where points of agreement were reached, however ephemerally, in direct negotiations between the leaders — before Mr. Denktash retracted his provisional agreement. These points were, however, still in embryonic form. The provisions of my proposal built on these and added other crucial aspects. On some issues — the need for an arms embargo, the creation of a Monitoring Committee — there was little dispute. Also, following an opening from Mr. Clerides, it became possible to propose that the Treaty of Guarantee would not only remain in force, but in applying mutatis mutandis to the new state of affairs established in the Foundation Agreement and the Constitution of the United Cyprus Republic, it would cover, in addition to the independence, territorial integrity, security and constitutional order of the United Cyprus Republic, the territorial integrity, security and constitutional order of its constituent states.

121. As to the stationing of troops under the Treaty of Alliance, the first version of my plan proposed that Greek and Turkish troops, up to an equal maximum number

[17] More than 86,000 then; with offspring, about 120,000 today (since population growth among Greek Cypriots since 1974 has been about 40 per cent).

[18] The census figure amounts to 47,000, though the United Nations believes the actual figure is probably lower. It should be noted that this figure, combined with the maximum of 15,000 to 18,000 persons who would be affected by reinstatement of properties in the Turkish Cypriot State, amounts to a maximum of 62,000 to 67,000 persons being dislocated under the plan.

[19] The United Nations had developed and conveyed to the parties ideas on a new site.

to be agreed, would be permitted to be stationed in the Greek Cypriot and Turkish Cypriot constituent states respectively. Agreement on this number was crucial to the plan as a whole. I suggested in the first version of my plan that this should be a four-digit figure — somewhere between 1,000 and 9,999. No progress having been made on this issue, in the second version of the plan I proposed a figure between 2,500 and 7,500. Prior to the presentation of the third version, Greece and Turkey met to discuss this and other security issues but reached no agreement. Eventually, I proposed a figure of 6,000, which was at the higher end of the bracket I had proposed, while also proposing a review of troop levels in 2010 and withdrawal of all troops stationed under the Treaty of Alliance upon Turkish accession to the European Union.

122. The other crucial ingredient of the security proposal was a United Nations peacekeeping operation with a mandate which may be summarized as one of monitoring the implementation of the agreement, using its best efforts to promote compliance with it, and contributing to the maintenance of a secure environment, to remain as long as the federal government, with the concurrence of both constituent states, did not decide otherwise.

Economic aspects

123. A Cyprus settlement after 40 years of conflict would be costly and would need the support of the international community. However, my plan provides for a largely self-funding solution of the property issue (contrary to a global exchange scheme proposed by the Turkish Cypriot side). Reinstatement and compensation honouring individual property rights would also give funds to many of the people who would need to relocate because of the territorial adjustment to let them provide for themselves. Nonetheless, that aspect of the settlement would need to rely on substantial international funding. The European Commission was in the process of organizing an international donor conference for this purpose when the process came to a regrettable end at The Hague.

124. The plan foresees that the Cyprus pound would be the currency of the United Cyprus Republic but allows Turkish Cypriots to keep bank accounts in other currencies and to do their bookkeeping in euros. The system of allocation of indirect taxes to the constituent states would result in a net transfer of resources from the Greek Cypriot State to the Turkish Cypriot State until the economic disparities between the two states have disappeared.[20] European Union structural funds and programmes as well as a special fund of €200 million for the Turkish Cypriot State would further assist the economic harmonization process. The Constitution makes this harmonization a priority of the federal economic policy and the European Union protocol contains an economic safeguard clause in favour of the Turkish Cypriot State.

Reconciliation

125. In order to address what I believe to be a crying need, the plan proposes the establishment of an independent, impartial Reconciliation Commission to promote understanding, tolerance and mutual respect among Greek Cypriots and Turkish Cypriots. A particular focus of the commission would be the promotion of dialogue and the preparation of a report regarding the history of the Cyprus problem as experienced and interpreted by Greek Cypriots and Turkish Cypriots.

[20] According to Turkish Cypriot calculations roughly 25 million Cyprus pounds (at current rates nearly US$ 50 million) in the first year after a settlement.

Implementation

126. After decades of conflict and separation of the two communities, there are both psychological and substantive hurdles (de facto, two administrative structures; economic disparities; patterns of resettlement and property allocation) to swift implementation of any settlement. On the other hand, in line with my principle that a settlement should be comprehensive, it was necessary to provide binding timetables of implementation over the course of the transition.

127. The plan foresees that upon the entry into force of the Foundation Agreement, the leaders of the two sides would become co-Presidents of the United Cyprus Republic and that, within 40 days, Greek Cypriots and Turkish Cypriots would elect the assemblies of their constituent states. Those assemblies would in turn delegate 24 members each to a transitional, unicameral federal Parliament. The ordinary institutions described above would then gradually be put in place over a period of two and a half years.

128. The solution of the territorial and property issues which would affect a substantial number of people currently living in areas of territorial adjustment or in houses to be reinstated to their owners would be implemented very gradually. The administration of the bulk of inhabited towns and villages would be handed over after two and a half or three years only, and inhabited houses outside the area of territorial adjustment reinstated to successful claimants only after five years.

Observations

Opportunity missed

129. In the present report I have described my efforts to persuade the parties directly concerned to seize the opportunity that opened in 1999, and the baleful arc that led to their ultimate failure to do so last month at The Hague. In the following paragraphs I will discuss how and why that came about as well as prospects for the future.

130. There have been many missed opportunities over the years in the United Nations good offices efforts on Cyprus. Both sides bear a share of the blame for those failures. In the case of the failure of this latest effort, I believe that Mr. Denktash, the Turkish Cypriot leader, bears prime responsibility. When he addressed the substance, Mr. Denktash put the emphasis on overall conceptual issues and his own legal interpretation of the past and the present of the Cyprus problem — on which the positions of the two sides are almost irreconcilable — whereas the search for a settlement required the parties to try to work around them and find solutions for the future in a practical way. Except for a very few instances, Mr. Denktash by and large declined to engage in negotiation on the basis of give and take. This greatly complicated my efforts to accommodate not only the legitimate concerns of principle but also the concrete and practical interests of the Turkish Cypriots.

131. When I met Mr. Denktash in Cyprus in May 2002 and again when I saw him in Paris in September, I attempted to instil in him a sense of urgency in view of the impending signature by a divided Cyprus of the Treaty of Accession to the European Union. I put to him my assessment of what the Turkish Cypriot side could aspire to achieve in respect of his main points of concern in a negotiation, if he was willing to

compromise on issues of concern to the Greek Cypriot side. However, Mr. Denktash did not see the advantages in the proposals I put to the parties, and publicly presented the letter and import of the plan in a way that was at considerable variance from its actual content. He seemed to perceive the approaching date of European Union accession and the European Union's strong preference for welcoming a united Cyprus not as an opportunity to achieve a settlement on a favourable basis and, in the process, pave the way for Turkey's aspirations regarding the European Union, but as a trap and a threat.

132. I have already referred to the loss of more than a year following Mr. Denktash's departure from the proximity talks on 8 November 2000. I regret his more recent failure expeditiously to appoint the Turkish Cypriot members of the technical committees to recommend the laws and treaties which would be attached to the overall settlement, as agreed on 4 October 2002, so that they could begin their work immediately. This led to a debilitating delay in the work of the committees, which began only in mid-January 2003: more than three of the five months available were lost. Mr. Denktash's decision to stop Turkish Cypriot participation in the work of the committees immediately after my departure from the island at the end of February was a further blow to the efforts under way.

133. During January and February 2003, Mr. Denktash spoke of putting the plan to the Turkish Cypriot people in a referendum and said that if the people decided that it should be signed, he would himself resign so that someone else could carry out their wish. Mr. Denktash's apparent willingness to let his people decide — which I was told had the support of Turkey — inspired me to propose to him and to Mr. Papadopoulos, on 27 February 2003, with time fast running out, that they should commit themselves to putting the plan to the separate simultaneous referenda for which it provides.

134. Notwithstanding the considerable efforts, described in the report, to accommodate the interests of the Turkish Cypriots, Mr. Denktash, at The Hague, rejected my appeal to send the plan to a referendum so that his people could decide on it. He asked that the negotiation should revert to square one for an open-ended discussion of principles, and refused to contemplate a work programme — as well as the resumption of the work of the technical committees — that alone would have made it possible to achieve a settlement before the signature on 16 April of the Treaty of Accession to the European Union. Faced with Mr. Denktash's adamant opposition to considering credible ways to meet that deadline, I was left with no alternative but to terminate the process.

135. Mr. Denktash has been very consistent over the decades in his views on the substance of the Cyprus problem. It is clear that his views are strongly and genuinely held. He does not accept that there has been a sea change from the confrontational atmosphere of the 1960s to the Europe that Cyprus is joining at the outset of the new millennium. He also seems to expect that his "realities on the ground" will one day be legitimized. Unfortunately, a Cyprus settlement can be reached only if both sides are prepared to accept that this requires compromise and that the world has changed in the last 40 years.

136. Mr. Clerides, in November 1999, had accepted my invitation to start proximity talks with considerable hesitation because he felt constrained by the terms in which it was couched at the insistence of Mr. Denktash. Mr. Clerides was uncomfortable with the proximity format, which placed him in the position of seemingly

negotiating with the United Nations rather than with his Turkish Cypriot counterpart, who was not at that time prepared to meet him face to face. Mr. Clerides was reluctant to engage in the somewhat hypothetical exercises that the proximity format entailed.

137. In the direct talks, however, Mr. Clerides sought to find ways to address the interests and concerns of the Turkish Cypriot side if, in exchange, the Turkish Cypriot side would satisfy the basic aims of the Greek Cypriots. While there were points on which he was not prepared to compromise, Mr. Clerides showed a willingness to seek out ways to circumvent ideological barriers and solve problems in a practical way. He did not feel wedded to tried and true formulas; he was quite prepared to explore approaches different from his own. This was particularly the case with regard to the knotty issues of property which changed hands as a result of the events of the 1960s and 1974, the problem of people hailing from Turkey who had settled in Cyprus since 1974, and the fundamental question of how the new state of affairs in Cyprus would come about. Throughout the process, Mr. Clerides showed a capacity to accept that his side bore its share of responsibility for the bitter experiences of the past.

138. Both the Turkish Cypriot leadership and many Turkish interlocutors were and remain convinced, however, that having been accepted by the international community as the government of Cyprus, and with accession to the European Union seemingly guaranteed, the Greek Cypriots had no serious interest in reaching a settlement with the Turkish Cypriots. They pointed to the low support for a settlement in opinion polls in the south, and to the popular belief among Greek Cypriots at large that reaching a settlement simply meant a return to the status quo ante. Many Turkish Cypriots are convinced that Greek Cypriots continue to see Cyprus as a Greek island and are not ready to accept the Turkish Cypriots as equal partners, not having been prepared by their leaders for the far-reaching compromises which a settlement would entail. I regret that more has not been done to allay these fears and to convince the Turkish Cypriots that the Greek Cypriots are genuinely ready for a compromise solution. Both sides have done little over the years to prepare their respective publics for the compromises that a settlement would involve. While there are people on both sides who admirably promote reconciliation and compromise, there remains, among Greek Cypriots in particular, a general reluctance to accept that the ultimate choice is not between a compromise along the lines of the plan that I put forward and a better one, but between that and no settlement at all. I saw little effort by the Greek Cypriot leadership to explain to the public that this was the case (the fact that a Presidential election intervened in the last few months in the south was clearly an inhibiting factor).

139. Mr. Papadopoulos, although thrown into the leadership of the Greek Cypriot side at a very late stage, accepted that continuity existed with his predecessor. While expressing misgivings concerning the plan I had proposed, he vowed to refrain from requesting substantive alterations; his concern was to seek improvements that would ensure that it would be workable in practice. He did not attach great importance to coming to a settlement in time for a united Cyprus to sign the Treaty of Accession to the European Union on 16 April 2003, since, in his view, the door to a settlement would remain open without any change after that date; he doubted whether it would be possible, as a practical matter, to reach a settlement in the time remaining. He nevertheless agreed to work apace and in good faith within the time frame provided in the plan.

140. As I have reported above, on 10 March 2003 at The Hague, Mr. Papadopoulos agreed conditionally to my request that the plan be submitted to referendum, and he expressed the willingness not to reopen negotiations on the plan itself if Mr. Denktash reciprocated in kind. The conditions which Mr. Papadopoulos laid down to submitting the plan to referendum were stringent. As reported above, I believe that it would have been possible, albeit extremely difficult, to complete the laws and treaties to be attached to the settlement. Turkey raised difficulties of a constitutional nature concerning the insistence of Mr. Papadopoulos that the guarantors should sign the commitment foreseen in the plan before it was submitted to referendum. It would have been necessary to find a way around that. Mr. Papadopoulos also argued that one or two months were required between the completion of the negotiations and the referendum; this would have exceeded the time frame and prevented the signature of the Treaty of Accession by a reunited Cyprus. In the event, Mr. Denktash's rejection of my request to submit the plan to referendum made it pointless to press Mr. Papadopoulos on these issues. Had the effort not fallen through, it would have been necessary for Mr. Papadopoulos to agree that it is not feasible to script every element in the implementation of the plan, any more than it is possible to do so in any enterprise of state, and that it would have been necessary to hold the referenda no later than 6 April 2003.

141. The role of Greece and Turkey both as guarantors and as motherlands is crucial to reaching a settlement, for both legal and political reasons. I am pleased to have counted on the strong support of Greece throughout my effort.

142. The government that was voted out of power in Turkey on 3 November 2002 supported Mr. Denktash unconditionally. A new perspective opened after the elections, with the advent to power of leaders who expressed their conviction that non-solution of the Cyprus problem was not a solution, who voiced their strong desire to encourage a settlement on the basis of my plan and within the time frame provided in it, and who seemed prepared to tackle remaining issues pragmatically and constructively. It was therefore only in the last frantic months of a three-and-a-half-year effort that the Turkish side, through Turkish officials, seriously engaged in the substance of the issue. I very much hope that this new government, which has had to face extremely difficult circumstances immediately upon assuming office, will soon be in a position to throw its support unequivocally behind the search for a settlement, for without that support it is difficult to foresee one being reached.

143. One of the obstacles to solving the Cyprus problem has been the perception on both sides that this was a zero-sum game: one side's gain was the other side's loss. I am strongly convinced that, had it been accepted, my proposal would have created a win-win situation. I am equally, and sadly, convinced that while the current outcome in the short term may be a greater setback for some than for others, ultimately all are losers in the failure of the recent effort. It is in the interests of all — Greek Cypriots, Turkish Cypriots, Greece and Turkey — that there should be a settlement of the Cyprus problem.

The way ahead

144. As I made clear following the failure at The Hague, I believe that the end has been reached in the effort that began late in 1999. The window of opportunity that opened then was closed at the meeting of 10 and 11 March 2003. It is a matter of profound regret that the Greek Cypriots and the Turkish Cypriots have been denied

the opportunity to decide for themselves on a plan that would have permitted the reunification of Cyprus through an honourable, balanced and durable settlement, protecting and guaranteeing the basic interests and aspirations of both sides.

145. The level, intensity and duration of the effort of the United Nations in this period are without precedent. The result of that effort, the plan that I presented as finally revised on 26 February 2003, remains on the table.

146. When I met the two leaders on 27 February in Cyprus, I asked them to accept that further political discussions could not produce a better result. It was on the basis of this that I asked them to draw the necessary conclusion and let the people decide their own future. The parties would do well to adhere to what is now before them as the finely wrought balance that it is. In this context, I am pleased that Mr. Papadopoulos has reiterated his continued desire to seek a settlement on the basis of my plan even after accession to the European Union.

147. I do not propose to take a new initiative, unless and until such time as I am given solid reason to believe that the political will exists necessary for a successful outcome. I have already indicated publicly that I do not believe that such an opportunity will occur any time soon. I do believe, however, that it would be a great step backward if the plan as such were to simply wither away.

148. In my view, a solution on the basis of the plan could be achieved only if there is an unequivocally stated preparedness on the part of the leaders of both sides, fully and determinedly backed at the highest political level in both motherlands, to commit themselves (a) to finalize the plan (without reopening its basic principles or essential trade-offs) by a specific date with United Nations assistance, and (b) to put it to separate simultaneous referenda as provided for in the plan on a date certain soon thereafter.

149. I wish to extend my sincere thanks to the many persons who have collaborated in this effort. The question of Cyprus was frequently raised in my consultations with the leaders of many supportive Governments. Several have acted, in effect, as Friends of the Secretary-General, providing advice as well as diplomatic and practical support and avoiding the temptation to duplicate or supplant my efforts — the bane of any enterprise of good offices. Members of the Security Council gave me unflagging support. Several Governments had designated special envoys who were in periodic contact with my Special Adviser. I would like to single out in particular the support and advice received from the special envoy of the United Kingdom of Great Britain and Northern Ireland, Lord Hannay, and the special envoy of the United States of America, Thomas Weston. Excellent cooperation with the European Commission and successive Presidencies of the European Union also assisted my efforts. The United Kingdom, the Netherlands, Finland, Sweden, Denmark and Switzerland provided funding for a special aircraft without which the travels of my Special Adviser in the region — as well as my own mission late in February — would have been extremely complicated and time-consuming.

150. I wish also to express my warm thanks to my Special Adviser, Alvaro de Soto, and my sincere congratulations to him for putting together, with creativity and ingenuity, a settlement plan that is a model of its kind. His diplomacy, too, was impeccable. Responsibility for the failure to achieve a settlement lies elsewhere.

151. My Special Adviser assembled an extremely talented and high-powered team to support my efforts. Without them it would not have been possible to offer this chance to the people of Cyprus, both Greek Cypriots and Turkish Cypriots. The opportunity has been missed; but I pray that the effort that went into it will not have been in vain.

Annex

Secretary-General's mission of good offices in Cyprus

Calendar of main events, June 1999-April 2003

1999

22 June	Report of the Secretary-General to the Security Council on his mission of good offices in Cyprus (S/1999/707)
26 June	Security Council resolution 1250 (1999)
1 November	Appointment of Alvaro de Soto as Special Adviser to the Secretary-General on Cyprus
3-13 December	First session of proximity talks, New York, with Glafcos Clerides, the Greek Cypriot leader, and Rauf Denktash, the Turkish Cypriot leader
10 December	Helsinki European Council

2000

31 January-8 February	Second session of proximity talks, Geneva
5-12 July	Third session of proximity talks, Geneva
24 July-4 August	Continuation of third session of proximity talks, Geneva
9-26 September	Fourth session of proximity talks, New York
12 September	Statement by the Secretary-General to the parties
1-8 November	Fifth session of proximity talks, Geneva
8 November	Secretary-General's oral remarks to the parties; Mr. Denktash declines invitation to participate in further proximity talks

2001

14 May	Secretary-General addresses a gathering of European Union Ministers for Foreign Affairs, Brussels
28 August	Secretary-General meets Mr. Denktash in Salzburg
5 September	Secretary-General invites leaders to new and reinvigorated phase of talks; Mr. Clerides accepts; Mr. Denktash declines
November	Exchange of letters between Mr. Clerides and Mr. Denktash leads to agreement to meet face to face in the presence of a United Nations representative
4 December	Meeting between Mr. Clerides and Mr. Denktash, United Nations Protected Area, Nicosia, in the presence of the Special Adviser results in agreement to begin direct talks
5 December	Mr. Clerides dines at the residence of Mr. Denktash, north Nicosia
29 December	Mr. Denktash dines at the residence of Mr. Clerides, south Nicosia

2002

14 January	Office of the Special Adviser opens in Cyprus
16 January	Direct talks begin, United Nations Protected Area, Nicosia
14-16 May	Secretary-General visits Cyprus
6 September	Secretary-General meets the leaders in Paris
3-4 October	Secretary-General meets the leaders in New York; leaders agree to create technical committees
7 October	Mr. Denktash undergoes surgery in New York; direct talks do not resume until January 2003
11 November	Secretary-General tables his proposed Basis for Agreement on a Comprehensive Settlement of the Cyprus Problem
18 November	Mr. Clerides agrees to negotiate on the Secretary-General's plan
27 November	Mr. Denktash agrees to negotiate on the Secretary-General's plan
7 December	Mr. Denktash returns from New York to Cyprus
10 December	Secretary-General tables a revised Basis for Agreement on a Comprehensive Settlement of the Cyprus Problem
12-13 December	Copenhagen European Council

2003

7 January	Technical committees begin meeting
15 January	Direct talks resume
16 February	Tassos Papadopoulos is elected to succeed Mr. Clerides
23-25 February	Secretary-General visits Turkey and Greece
26 February	Secretary-General arrives in Cyprus and formally tables his further revised Basis for a Comprehensive Settlement of the Cyprus Problem
28 February	Mr. Papadopoulos and Mr. Denktash accept the Secretary-General's invitation to meet in The Hague
10 March	Secretary-General meets with Mr. Papadopoulos and Mr. Denktash in The Hague, along with representatives of the guarantors
11 March	Secretary-General announces in The Hague that the process has concluded but that his plan remains on the table
April	Office in Cyprus of the Special Adviser closes